

# **INTERNATIONAL CONFERENCE ON COMPUTING AND TECHNOLOGICAL SOLUTIONS WITH ARTIFICIAL INTELLIGENCE (ICCTSAI)**

**THE ROLE OF FINTECH IN ISLAMIC FINANCE**

**ASST. PROFESSOR DR. AUWAL ADAM SA'AD  
IIUM INSTITUTE OF ISLAMIC BANKING AND FINANCE  
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA**

**23<sup>RD</sup> - 25<sup>TH</sup> APRIL, 2021**

**International Conference on Computing & Technological  
Solutions with Artificial Intelligence [23-25 April 2021]**



All praise is due to Allah Subhanahu wata'alah, the Lord of the Universe. May His peace and blessings be upon our beloved Prophet Muhammad (SAW), his companions, descendants and all those who follow his steps.

**International Conference on Computing & Technological  
Solutions with Artificial Intelligence [23-25 April 2021]**



❑ Distinguish guests, ladies and gentlemen, I am indeed honored to stay before you today to keynote the tremendous **International Conference on Computing and Technological Solutions with Artificial Intelligence (ICCTSAI)**

- ❑ I would like to thank the organizers of the conference, starting with
- The society of IT Engineers and the Researchers,
  - IIUM institute of Islamic banking and finance, International Islamic University Malaysia
  - The Kuala Lumpur University
  - The Canadian Overseas Business Incorporation

And the rest.

**International Conference on Computing & Technological  
Solutions with Artificial Intelligence [23-25 April 2021]**





- ❑ Islamic fintech could be defined as the use of innovative technologies in the design and delivery of Islamic Financials products and services.

**International Conference on Computing & Technological  
Solutions with Artificial Intelligence [23-25 April 2021]**



## The Islamic Fintech Services Landscape

### iFintech services (225)

#### Give & Protect

#### SOCIAL FINANCE (12)



#### INSURANCE (6)



#### Save & Invest

#### WEALTH MANAGEMENT (32)



#### DEPOSITS & LENDING (40)



#### Finance

#### RAISING FUNDS (44)



#### PAYMENTS (37)



#### CAPITAL MARKETS (2)



#### DIGITAL ASSETS (20)



#### ALTERNATIVE FINANCE (32)



### iFintech operations (4)

Note: See full Islamic Fintech Database in Appendix 4

### Ecosystem Enablers

International Conference on Computing & Technological Solutions with Artificial Intelligence [23-25 April 2021]





## The Islamic Fintech market size in the OIC was \$49 Bn in 2020, and is projected to grow at 21% CAGR to \$128 Bn by 2025

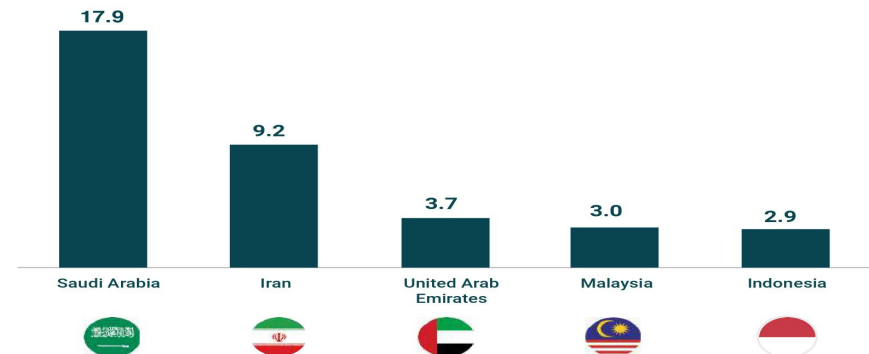
**Current:** The estimated Islamic Fintech market size for OIC countries in 2020 was \$49 Bn. This represents 0.72% of the current global Fintech market size, based on transaction volumes.

**Projected:** The Islamic Fintech market size for OIC countries is projected to grow at 21% CAGR to \$128 Bn by 2025. This compares favorably to the conventional Fintech CAGR of 15%.

**Top 5 Markets:** The top 5 OIC Fintech markets by transaction volume for Islamic Fintech are Saudi Arabia, UAE, Malaysia, Turkey and Kuwait, indicating a strong dominance by MENAT region countries. Collectively, the Top 5 markets account for 75% of the OIC Islamic Fintech market size, indicating high concentration of market activity among leading jurisdictions.

**Note:** The metric applied was estimated and projected transaction volumes, not corporate revenues.

Top 5 Islamic Fintech Market Sizes 2020 (\$ Bn)



Landscape

## International Conference on Computing & Technological Solutions with Artificial Intelligence [23-25 April 2021]



The landscape is young and fragmented, several success stories are leading the way for Islamic Fintech's next generation

#### Case Studies

**Wahed Invest**

**Headquarters**  
USA

**Success Factors**

- First-mover in global Islamic robo-advisory
- Diversifying into banking with acquisition of Niyah

**Funding Stage:** Series B

**Zoya Financial**

**Headquarters**  
USA

**Success Factors**

- Novel filtering system for stocks

**Funding Stage:** VC-backed

**RAIN**

**Headquarters**  
Bahrain

**Success Factors**

- Directly licensed by Bahrain's Central Bank

**Funding Stage:** VC-backed

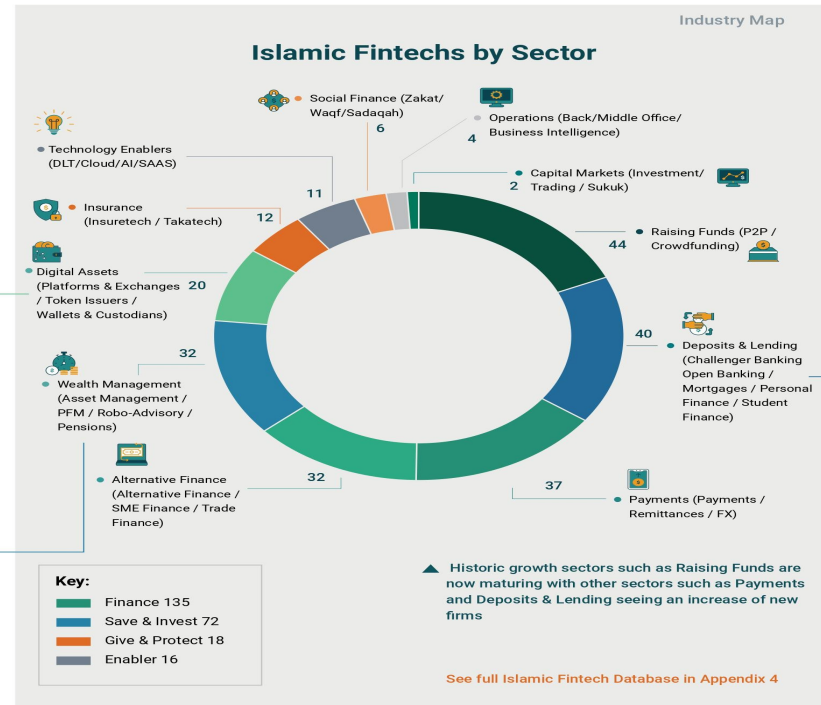
**Fasset**

**Headquarters**  
UK

**Success Factors**

- Pioneering Islamic asset tokenisation via an exchange mechanism

**Funding Stage:** VC-backed



**Insha**

**Headquarters**  
Germany

**Success Factors**

- Successfully identified target underserved segment (Turkish diaspora)
- Used banking as a service provider to accelerate go-to-market and licensing

**Funding Stage:** Corporate Venture

**Alibra**

**Headquarters**  
United Kingdom

**Success Factors**

- Plays across the financial lifecycle of customers' everyday financing needs

**Funding Stage:** VC-backed

International Conference on Computing & Technological Solutions with Artificial Intelligence [23-25 April 2021]





## Fintech Global Growth

Based on a projected CAGR of 15.3%, the global worth of the digital banking market's of USD 5.2 billion as of end-2018 will reach USD16.2 billion by 2025.

In 2019, the financial technology (FinTech) industry attracted about USD 136 billion worth of global investments with 2,693 deals, including mergers and acquisitions, private equity and venture capital. This is because, more than 3.5 billion people around the world are connected to the mobile internet, with about 300 million people newly connected in 2018 alone. (IFSB)

**International Conference on Computing & Technological  
Solutions with Artificial Intelligence [23-25 April 2021]**





- ❑ The adoption of blockchain technology as a connectivity backbone in the digital transformation process of financial institutions is expected to have a potential impact exceeding USD 3.9 trillion by 2025.
- ❑ Similarly, artificial intelligence is anticipated to drive 800 million jobs by 2030; and the big data and analytics industry, which is crucial for personal financial management and “Know Your Customer” requirements to prevent fraud and money laundering in the financial services industry, will be worth USD 123 billion by 2025. (IFSB)

**International Conference on Computing & Technological  
Solutions with Artificial Intelligence [23-25 April 2021]**



- ❑ Fintechs in the Islamic finance space have positively contributes to the innovation and evolution of Islamic financial products and services. For example, the elimination of credit intermediaries have resulted in lower cost and higher potential returns in the Industry. In addition, crowdfunding and P2P financing, provides the platform for *Musharaka* and *Mudarabah* based equity financing, which have not been very active in the traditional Islamic Finance environment.

International Conference on Computing & Technological  
Solutions with Artificial Intelligence [23-25 April 2021]



- ❑ In recent years, the Islamic finance researchers as well as other Islamic Finance industry players have been extensively addressing the growing interest in Islamic social finance, this is aim to facilitate social impact innovative projects, as well as green and socially responsible finance for the wellbeing of the world communities and societies. Fintech has been the important tool to achieving such initiatives in many countries across the globe.

**International Conference on Computing & Technological  
Solutions with Artificial Intelligence [23-25 April 2021]**





It is important in deed to highlight that Malaysia has been a good place for Islamic financial innovation, the country has created the enabling environment for Islamic socially responsible investment (SRI) and green finance. Throughout the years, Malaysia has embarked on several initiatives on sustainable social finance to support the green agenda and social development policies which is supported by fintech innovations. One of those initiatives was innovating the first Digital Sukuk in the country (Digital Islamic Bond) called “ Malaysia’s Prihatin Sukuk”.

**International Conference on Computing & Technological  
Solutions with Artificial Intelligence [23-25 April 2021]**



Islamic FinTech has been a helping hand in the growth of Islamic social finance in today's economic challenges due to the covid-19 pandemic. This includes Waqf financing models, online Zakat collections, Innovative Islamic microfinance Products, Green sukuk and other important innovations facilitated through the use of Innovative technology such as Waqf on Blockchain, Sukuk on Blockchain, Waqf crowdfunding, Islamic P2P Investment and so on.

**International Conference on Computing & Technological  
Solutions with Artificial Intelligence [23-25 April 2021]**



The Islamic fintech solutions have been very helpful in achieving economic needs of many societies across the globe. This is achieved and facilitated by many Islamic crowdfunding platforms such as Halalsky and Launchgood in the United states, EASIUP in France, the ethical crowd, yielders of the United Kingdom, Pitchin, Fiterra, Waqfworld, Blossom Finance, EthisCrowd, and Capital Boost operating in Indonesia, Malaysia and Singapore.

**International Conference on Computing & Technological  
Solutions with Artificial Intelligence [23-25 April 2021]**





The first Islamic Robo advisors was initiated by the New York-based Wahed Invest Inc. The world first automated Islamic investment platform with “the aim of providing access to halal portfolio management for people around the world”. Additionally there are many fintech platforms offering various solutions such Halalpay providing Islamic digital Payment services.

**International Conference on Computing & Technological  
Solutions with Artificial Intelligence [23-25 April 2021]**



Islamic financial institutions should step in to innovate Fintech solutions to accelerate the growth of Islamic Finance Products and services in other to realize the full potential of Islamic financial Industry. Furthermore, Islamic social finance products and services should be innovated and built based on a special structure and framework that realizes the *Maqasid al-Shari'ah* and Sustainable Economic Growth, Islamic Fintechs might have a very important role to play in achieving this

**International Conference on Computing & Technological  
Solutions with Artificial Intelligence [23-25 April 2021]**



- ❑ In today's health, social and environmental challenges as well as the novel Covid 19 pandemic facing the whole world, it is high time for us to think deeply on the lasting and sustainable solutions for the world economy, and I believed FinTechs could be the frontlines in resolving the complex problems of today's economic challenges.
- ❑ However, in order to achieve this, it requires a collaboration efforts between the stakeholders in the technology space as well as Financial Services providers. This will also require a comprehensive framework that includes regulations, monitoring, creating self-regulating ecosystems, involving regulators, researchers and development institutions as well as highly qualified consulting firms.

**International Conference on Computing & Technological  
Solutions with Artificial Intelligence [23-25 April 2021]**





Lastly,

- ❑ I believe that this conference is one of the places to demonstrate brilliant fintech ideas, technology innovations for the sustainable growth of our societies and the whole world. I look forward to such brilliant ideas in your presentations in the next three days.

**International Conference on Computing & Technological  
Solutions with Artificial Intelligence [23-25 April 2021]**



# Thank you

*Wabillahi-ttawfiq wal-hidayah*  
*Wassalamu Alakum Warahmatullahi wabarakatuh*

**International Conference on Computing & Technological  
Solutions with Artificial Intelligence [23-25 April 2021]**



# QA

## Another 5 Minutes

International Conference on Computing & Technological  
Solutions with Artificial Intelligence [23-25 April 2021]

